REMARKS

The Office Action of August 1, 2003, has been reviewed, and in view of the foregoing amendments and following remarks, reconsideration and allowance of all of the claims pending in the application are respectfully requested.

Claims 5, 10, 91, 92, 146-154 and 156-157 have been previously cancelled. The Office Action has failed to address pending claim 145. Claim 145 is not rejected over any reference of record. Further, there is no mention of the subject matter of claim 145 in the Office Action of August 1, 2003. For at least these reasons, it is believed that claim 145 contains allowable subject matter.

Rejections Under 35 U.S.C. § 103

Claims 1-4, 6-9, 11-90, 93-144 and 155 are currently rejected under 35 U.S.C. § 103(a) as being allegedly unpatentable over U.S. Patent No. 6,070,150 to Remington *et al* (Remington *et al*) in view of U.S. Patent No. 6,081,790 to Rosen (Rosen). The Office Action alleges that Remington *et al* teaches electronic invoicing means, electronic invoice presentment means, authorization means and confirmation means. The Office Action admits that Remington *et al* fails to teach electronic data storage means and data entry means and therefore relies on Rosen. The alleged motivation for combining Remington *et al* and Rosen is based on "because this would enable a quicker method to retrieve the account information and would facilitate the creation of the invoice and thereby enhance the efficiency" of the system. (Office Action mailed August 1, 2003, page 4). For at least the reasons detailed below, Applicants respectfully disagree.

A system of an embodiment of the present inventions accommodates and facilitates a wide range of commercial arrangements between system participants concerning the conversion of debt obligations into electronic promissory notes. For example, a creditor participant on an electronic invoice can specify that confirmation causes the invoice to become automatically an electronic promissory note, which is freely transferable. In addition, a creditor participant and a debtor participant on an electronic invoice can agree that confirmation causes an electronic invoice to become automatically an electronic promissory note. Further, a debtor participant and a creditor participant can agree that after confirmation the electronic invoice remains a bilateral contract pursuant to which an electronic promissory note can be issued only after the debtor participant gives an additional consent. (page 51, lines 6-13 of specification).

In addition, authorization, when used in conjunction with electronic invoices, signifies that the debtor participant has authorized the invoice and agreed to a sum and date on which payment will be made to settle the debt obligation. (page 5, lines 21-23 of specification).

Further, confirmation means allow a creditor participant and a debtor participant to a transaction to confirm an electronic invoice, wherein confirmation signifies that the debt has become an independent payment obligation due on a date certain and free of any defenses to the underlying contract. Confirmed electronic invoices can be used by system participants for better cash flow forecasting, obtaining better lending rates from financial institutions, or access to other financing alternatives including the creation of electronic promissory notes, electronic bills of exchange, or electronic drafts. (page 5, line 24 - page 6, line 2 of specification).

The creditor participant holding electronic promissory notes can make them available for discounting or other financing transactions (e.g., secured lending) by third parties (e.g., banks,

financial institutions, corporations), or can use them to settle other debt obligations to creditors. The system of an embodiment of the present inventions enables creditor participants to designate certain electronic promissory notes as available for discounting. (page 10 of specification).

Remington *et al* appears to be directed to a bill presentment and payment remittance system that allows a biller to create a bill and payment remittance information in a format specified by the biller. The biller submits the bill and associated payment remittance information to the consumer. Payment of the bill is in the form of a direct debit check. The consumer controls the payment authorization, specifying the amount to be paid and the date for payment and the account from which the money will be drawn. The payment remittance information is automatically returned to the biller in the format chosen by the biller, without intervention by the consumer.

Rosen appears to be directed to a system for secure presentment and payment. Further, Rosen appears to disclose a secure system using trusted agents that enables presentment of invoices and past due notices from merchant to customer without any intermediaries.

Independent claim 1 as amended now recites that "the creditor participant ***transfers the independent payment obligation*** due on the date certain for the sum certain ***to a third party entity*** as an *electronic promissory note* for ***settling a separate obligation between the creditor participant and the third party entity***" where the debtor participant confirms the electronic invoice without modification so that the debt reflected in the electronic invoice owed by the debtor participant is transformed into an independent payment obligation due on a date certain for a sum certain and free of defenses to the underlying contract.

In contrast, Remington *et al* states that the payee is automatically designated as the biller so that payment back to the biller's account is guaranteed (col. 6, lines 6-8). In fact, the payee line is automatically filled in using data from the closed payee data field 192 of the data structure 190 stored in the consumer's computer memory (col. 13, lines 24-27). This line cannot be altered by the consumer because the check is akin to a *direct deposit* in that the authorized payment is assured to go to the biller's account (col. 13, lines 28-31). The system of Remington *et al* completely fails to provide any disclosure, teaching or suggestion directed to transferring an independent payment obligation to a third party as an electronic promissory note for settling a separate obligation between the creditor participant and the third party entity. Rather, the system of Remington *et al* makes it unequivocally clear that the payment is directed to the biller for deposit in the biller's account and is thus non-transferable and cannot serve as an electronic promissory note, as claimed by Applicants. As the payment in Remington *et al* is directed to the biller and automatically deposited into the biller's account, the independent payment obligation cannot be transferred as an electronic promissory note for settling a separate obligation between the creditor participant and the third party entity. Rosen adds nothing and fails to provide any mention of the missing features of Remington *et al.*

Corresponding amendments have been made in independent claims 11, 12, 21, 33, 36, 43, 47, 48, 49, 50, 84, 90, 97 and 111 and are believed to be patentable for at least the reasons stated above and further in view of the reasons stated below.

Amended independent claim 155 now recites "***wherein the debtor participant electronically transmits amended data associated with the invoice concerning the debtor participant and the creditor participant wherein the amended data comprises one or more of***

modified payment amount, modified payment date and one or more proposed changes; wherein the creditor participant electronically receives the amended data and electronically performs a decision on the amended data for confirmation wherein the confirmation indicates an agreement concerning the amended data prior to execution of the invoice." Remington *et al* and Rosen both fail to disclose, teach or suggest the collaboration functionality claimed by Applicants.

The rejection over Remington *et al* and Rosen is a classic example of hindsight reconstruction that is contrary to the law. Controlling Federal Circuit and Board precedent require that the Office Action set forth specific and particularized motivation for one of ordinary skill in the art to modify a primary reference to achieve a claimed invention. *Ruiz v. A.B. Chance Co.*, 234 F.3d 654, 664 (Fed. Cir. 2000) ("[t]o prevent a hindsight-based obviousness analysis, [the Federal Circuit has] clearly established that the relevant inquiry for determining the scope and content of the prior art is whether there is a reason, suggestion, or motivation in the prior art or elsewhere that would have led one of ordinary skill in the art to combine the references."). Here, the Office Action combines two disparate references, each of which are directed to different goals, to allegedly yield the independent claims.

The Office has failed to set forth a *prima facie* case of obviousness for the independent claims. Additionally, it does not even attempt to establish a *prima facie* case of obviousness for the further modifications needed to yield the dependent claims either. Furthermore, the fact that two disparate references are needed in combination to address Applicants' claimed invention further supports a finding of non-obviousness.

Specifically, when a primary reference is missing elements, the law of obviousness requires that the Office Action set forth some motivation why one of ordinary skill in the art would have been motivated to modify the primary reference in the exact manner proposed. *Ruiz*, 234 F.3d at 664. In other words, there must be some recognition that the primary reference has a problem and that the proposed modification will solve that exact problem. All of this motivation must come from the teachings of the prior art to avoid impermissible hindsight looking back at the time of the invention.

In the present case, the Office Action's sole justification for modifying Remington *et al* in view of Rosen has absolutely nothing to do with the deficiencies of Remington *et al.* Remington *et al* is alleged to teach a bill presentment and payment remittance system, but lacks any disclosure related to transferring an independent payment obligation to a third party entity as an electronic promissory note for settling a separate obligation between the creditor participant and the third party entity as well as enabling collaboration between the debtor participant and the creditor participant as claimed by Applicants. To properly modify Remington *et al* to correct for these major deficiencies, the Office has the burden to show some motivation why providing those elements would have overcome some perceived problem with Remington *et al.* Any such motivation is completely lacking.

Accordingly, the Office Action has failed to provide any proper motivation for modifying Remington *et al* in view of Rosen, so the proposed combination fails. Even if these disparate references could be combined, the resulting combination fails to show each and every limitation claimed by Applicants.

The mere fact that two references can be combined or modified does not render the resultant combination or modification obvious unless there is a suggestion or motivation found somewhere in the prior art regarding the desirability of the combination or modification. *See* M.P.E.P § 2143.01; *see also In re Mills*, 16 U.S.P.Q.2d 1430, 1432 (Fed. Cir. 1990); *In re Fritz*, 23 U.S.P.Q.2d 1780 (Fed. Cir. 1992). In addition, the teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in Applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991).

As for the remaining dependent claims 2-4, 6-9, 13-20, 22-32, 34, 35, 37-42, 44-46, 51-83, 85-89, 93-96, 98-110, 112-145, the Office Action provides a cursory rejection of all the limitations of these dependent claims and fails to set forth a basis for rejection of each dependent claim. The Examiner is required to provide a basis for each and every claim limitation, as recognized in MPEP §§ 706.02(j) and 2143.03, and has continued to fail to so here. Nevertheless, Applicants maintain that none of the references cited provide any disclosure, motivation or suggestion related to the limitations of claims 2-4, 6-9, 13-20, 22-32, 34, 35, 37-42, 44-46, 51-83, 85-89, 93-96, 98-110, 112-145. As the combination of Remington *et al* and Rosen fail to disclose, teach or suggest the claimed combination of limitations of independent claims 1, 11, 12, 21, 33, 36, 43, 47, 48, 49, 50, 84, 90, 97, 111 and 155, dependent claims 2-4, 6-9, 13-20, 22-32, 34, 35, 37-42, 44-46, 51-83, 85-89, 93-96, 98-110, 112-145 are similarly not taught or suggested by the references cited in the Office Action.

CONCLUSION

It is respectfully submitted that this application is in condition for allowance and such disposition is earnestly solicited. If the Examiner believes that prosecution and allowance of the application will be expedited through an interview, whether personal or telephonic, the Examiner is invited to telephone the undersigned with any suggestions leading to the favorable disposition of the application.

It is believed that no fees are due for filing this Response. However, the Director is hereby authorized to treat any current or future reply, requiring a petition for an extension of time for its timely submission as incorporating a petition for extension of time for the appropriate length of time. Applicants also authorize the Director to charge all required fees, fees under 37 C.F.R. §1.17, or all required extension of time fees, to the undersigned's Deposit Account No. 50-0206.

Respectfully submitted,

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